

RECORDATION NO. 26893-A FILED

MAR 30 '07 -2 00 PM

SURFACE TRANSPORTATION BOARD

OF COUNSEL
URBAN A LESTER

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March 30, 2007

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Net Railcar Lease, dated as of November 16, 2006, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Mortgage being filed with the Board under Recordation Number 26893.

The names and addresses of the parties to the enclosed document are:

Lessor: Babcock & Brown Rail Funding LLC
885 Second Avenue, 49th Floor
New York, NY 10017

Lessee: CSX Transportation, Inc.
500 Water Street
Jacksonville, FL 32202

Mr. Vernon A. Williams
March 30, 2007
Page 2

A description of the railroad equipment covered by the enclosed document is:

100 covered coil railcars: CSXT 494700 – CSXT 494799.

A short summary of the document to appear in the index is:

Memorandum of Net Railcar Lease.

Also enclosed is a check in the amount of \$34.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Alvord', with a stylized flourish at the end.

Robert W. Alvord

RWA/sem
Enclosures

MAR 30 '07 -2 00 PM

MEMORANDUM OF NET RAILCAR LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF NET RAILCAR LEASE dated as of this 16th day of November, 2006, to that certain Master Net Railcar Lease dated as of October 26, 2006, and Schedule No. 02 thereto dated as of November 16, 2006, between BABCOCK & BROWN RAIL FUNDING LLC, a Delaware limited liability company (the "Lessor") and CSX TRANSPORTATION, INC., a Virginia corporation (the "Lessee") and together with the Lessor, the "Parties")

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, the Lessor and Lessee have entered into that certain Master Net Railcar Lease dated October 26, 2006 and Schedule No. 02 thereto dated as of November 16, 2006 (hereinafter as the same may from time to time be amended, modified or supplemented, the "Agreement"), covering the equipment listed on Exhibit A hereto (the "Cars"),

WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Agreement, and the respective interests therein of the Parties and accordingly the Parties have caused this memorandum to be executed by their respective duly authorized officers, as of the date first above written.


NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, by this instrument the Lessor hereby leases and confirms the lease of the Cars to the Lessee in accordance with the terms and conditions of the Agreement, and the Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein

This Memorandum of Net Railcar Lease may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument

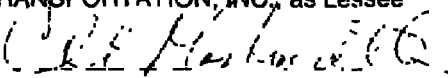
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned has caused this Memorandum of Net Railcar Lease to be executed by a duly authorized officer as of the day and year below written

BABCOCK & BROWN RAIL FUNDING LLC, as Lessor

By: 
Name: LAWRENCE LITTLEFIELD
Title: VICE PRESIDENT
Date: 3/22/07

CSX TRANSPORTATION, INC., as Lessee

By: 
Name: Bill Haskins
Title: Vice President
Date: 3/22/07

STATE OF New York)

COUNTY OF New York)

SS:

On 3/7/2 2007, before me, Indra Bedasie, Notary Public, personally appeared Christine Littlefield, personally known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument

WITNESS my hand and official seal.

Indra Bedasie

INDRA BEDASIE
Notary Public, State of New York
No. 01BE6014602
Qualified in Queens County
Certificate Filed in New York County
Commission Expires October 19, 2010

STATE OF FLORIDA)

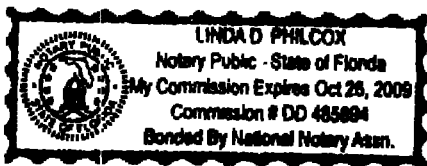
COUNTY OF DUVAL)

SS:

On February 14, 2007, before me, Linda D Philcox, Notary Public, personally appeared Christine Mastromatteo, personally known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal


Linda D. Philcox



CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 3/30/07



Robert W. Alvord